

VZCZCXRO3594  
PP RUEHROV  
DE RUEHJM #0586/01 0951329  
ZNY CCCCC ZZH  
P 041329Z APR 08  
FM AMCONSUL JERUSALEM  
TO RUEHC/SECSTATE WASHDC PRIORITY 1097  
INFO RUEHXK/ARAB ISRAELI COLLECTIVE PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 JERUSALEM 000586

SIPDIS

NOFORN  
SIPDIS

NEA FOR FRONT OFFICE; NEA/IPA FOR SACHAR/LONGMEYER; NSC FOR PASCUAL; TREASURY FOR CONNOLLY; EEB/CIP FOR GROSS/GIBBS  
PLEASE PASS TO USAID FOR KUNDER/MCLOUD/BORODIN

E.O. 12958: DECL: 09/01/16

TAGS: ECPS ECON BEXP EINV KWBG IS

SUBJECT: SECOND PALESTINIAN MOBILE PHONE PROVIDER STILL WAITING FOR SPECTRUM

REF: A. JERUSALEM 350

1B. 2007 JERUSALEM 1453

Classified By: Consul General Jake Walles, Reasons 1.4 (b) and (d)

11. (C/NF) Summary: The CEO of the second mobile telephone operator in the West Bank reported on April 3 that he is still waiting for the GOI to provide the necessary frequency spectrum to allow him to begin operations. He complained that the GOI proposals on the table would cripple his ability to compete against the current monopoly provider, and said that the failure to implement this "signature" investment in the West Bank would cast a shadow over the upcoming Palestine Investment Conference in Bethlehem next month. End Summary.

Wataniya Still Without A Frequency

---

12. (C/NF) Wataniya Palestine CEO Allan Richardson (please protect) confirmed to Econoff on April 3 that the GOI has not allocated to the Palestinian Authority (PA) sufficient frequency for Wataniya to begin its West Bank operations. (Note: We are in regular contact with Richardson, and note he is increasingly frustrated by the lack of progress. He has come to believe the GOI seeks actively "to prevent economic opportunities for Palestinians" and is being influenced by commercial actors with ties to the current monopoly mobile phone provider in the West Bank, Jawwal. End Note.)

13. (C) Richardson said that the GOI is trying to "dictate" the spectrum allocation to the PA. He said that Wataniya has consistently requested from the GOI-PA Joint Technical Committee (JTC) a 4.5 MHz allocation in the 1800 band frequency, as the basis for starting operations in the West Bank. However, according to a GOI plan presented to the JTC in March, Wataniya would receive a limited 2.4 MHz allocation in the 900 band frequency for its first year of operations. Its receipt of 1800 band frequency would be delayed to a later date. Richardson said that he could not realistically do business with such a limited allocation.

14. (C) Palestine Investment Fund (PIF) CEO Mustafa confirmed to the Consul General March 31 the GOI had offered 2.4 MHz, which he also believes is inadequate for Wataniya to compete. Mustafa also raised the issue with Secretary Rice on the margins of her meeting with President Abbas on March 31.

Advantage to Jawwal?

---

¶ 15. (C) Richardson complained that the GOI proposal also included a grant to Wataniya, a sole Palestinian competitor, Jawwal, of 1800 band frequency now. He said it was "absurd" to expect Wataniya to "wait in line" behind its only competitor. He claims the GOI has "plenty" of 1800 band frequency to allocate to Palestinian mobile phone operators, and he is furious that the GOI had involved Jawwal in the Wataniya frequency allocation. Richardson said GOI actions have assured Jawwal a sustainable competitive advantage over Wataniya in the West Bank market.

¶ 16. (C) Richardson also said that the GOI Ministry of Communications informed him that Wataniya's telecommunication switch would not be able to enter the West Bank "for at least a year" after it is allocated a frequency. Richardson said the failure to import the switch would force Wataniya to set-up its switch elsewhere, increasing his overall operating costs.

Casting a Shadow over Bethlehem

---

¶ 17. (C) Richardson said that the failure of Wataniya to get up and running in the West Bank would cast a real shadow over efforts to spur foreign investment in the West Bank through the planned Palestine Investment Conference in Bethlehem next month. Wataniya plans to create an estimated 2500 jobs and USD 150 million of construction contracts to build and operate its West Bank network, representing the single largest foreign investment in the West Bank. "If we cannot begin our operations in the West Bank, few will consider investing there," he said. Richardson noted that he has set up mobile networks in Afghanistan and Iraq in recent years, describing those efforts as "ten times easier" than those

JERUSALEM 00000586 002 OF 002

involving Israel and the West Bank.  
WALLES